



COVID-19 in Latin America and the Caribbean: An overview of government responses to the crisis

Updated 11 November 2020

Latin America and the Caribbean (LAC) governments reacted swiftly and pre-emptively to protect their citizens and contain the spread of COVID-19 in the region and its impact on the economy. However, the region struggled to contain the levels of contamination, notably due to the prevalence of the informal economy and the limitations of health infrastructure and social protection systems. On the economic front, the region was already in a weak situation at the time the pandemic hit, and now has less fiscal space than in 2008 to mitigate the deeper recession that will result from the 2020 outbreak. Focusing on the 15 countries that are a part of the Steering Group of the OECD LAC Regional Programme (Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay), this note provides an update on the previous note published in [May 2020](#). It highlights the government measures enacted to mitigate the crisis and considers long-term policy considerations towards the objective of building back a better future, with more inclusive, sustainable and resilient economies.



Overview

When the COVID-19 pandemic hit LAC in late February 2020, most governments moved quickly to provide swift and decisive responses to control the outbreak and tackle its economic and social impacts. While the rapid containment response initially slowed the infection rate, among many social and economic factors that hindered the containment of the virus, high levels of informality, lack of social protection and limited health infrastructure made the situation in the region more challenging than elsewhere in the world. With close to 60% of informal employment, social distancing has, in many cases, been impossible to respect (OECD, 2020^[1]). In a region where 140 million people must work to live, many of them had to violate lockdown on a day-to-day basis to survive.

Despite government efforts, Latin America was declared by the World Health Organization (WHO) as the epicentre of the COVID-19 pandemic in May 2020, accounting for more than 40% of the world's COVID-19 deaths, with the total infection rate exceeding 6.5 million cases and a loss of over 350 000 lives to date (Reuters, 2020^[2]). Despite measures to close public spaces and limit social gatherings, curfews and quarantines since March 2020, the number of confirmed deaths related to COVID-19 only started to drop by late August in most LAC countries. As LAC arrives at the final stages of easing lockdowns (Annex 1) (ASCOA, 2020^[3]), Europe is facing a second contagion wave and is reintroducing - immediately or gradually - the initial measures of social distancing implemented back in March (The Economist, 2020^[4]).

Aside from the health risks, COVID-19 has had a significant socio-economic impact in a region that was already facing structural difficulties (OECD, 2020^[5]). Confinement measures strongly affected supply and demand in many sectors, particularly tourism, reducing household incomes and private consumption (OECD, 2020^[6]). Furthermore, as a result of the crisis, falling commodity prices have led to a sharp downturn in Latin American markets and currencies (Horwitz et al., 2020^[7]). Prior to the pandemic, the IMF had predicted 1.6% GDP growth for the region in 2020. Since then, external and domestic conditions have worsened and, due to a combination of different factors, the region is expected to contract between 8.4% and 9.1% (IMF, 2020^[8]); (ECLAC, 2020^[9]) provoking the worst recession it has experienced over the past century (OECD, 2020^[6]) – far more acute than in the Middle East, Africa and Asia. The magnitude of this effect, and the potential recovery in the coming years, will depend on governments' capacity to reactivate their economies while mitigating the health implications of the COVID-19 pandemic.

If for developed countries the health and economic implications of this pandemic are significant, the LAC region faces an additional set of challenges. While lockdowns in LAC halted the economy, it was not effective enough to reduce the spread of the virus and prevent the collapse of health systems. In addition to the formal/informal duality of the economy, the pandemic exacerbated pre-existing high levels of inequality, which has placed additional pressure on governments already facing growing social discontent (Forbes, 2020^[10]); (Benitez et al., 2020^[11]). However, despite their limited fiscal space, LAC governments have provided unprecedented support for those most in need. Putting people at the centre of recovery plans has laid the foundations for sustainable development strategies (OECD, 2020^[12]).

Focusing on the 15 LAC countries that are a part of the Steering Group of the OECD LAC Regional Programme, this note gives an overview of the measures enacted to reactivate the economy while mitigating the public health situation in different countries of the region. The note also provides policy recommendations on how to use the COVID-19 crisis as a catalyst for a brighter future, building back better for more inclusive, sustainable and resilient economies in LAC.

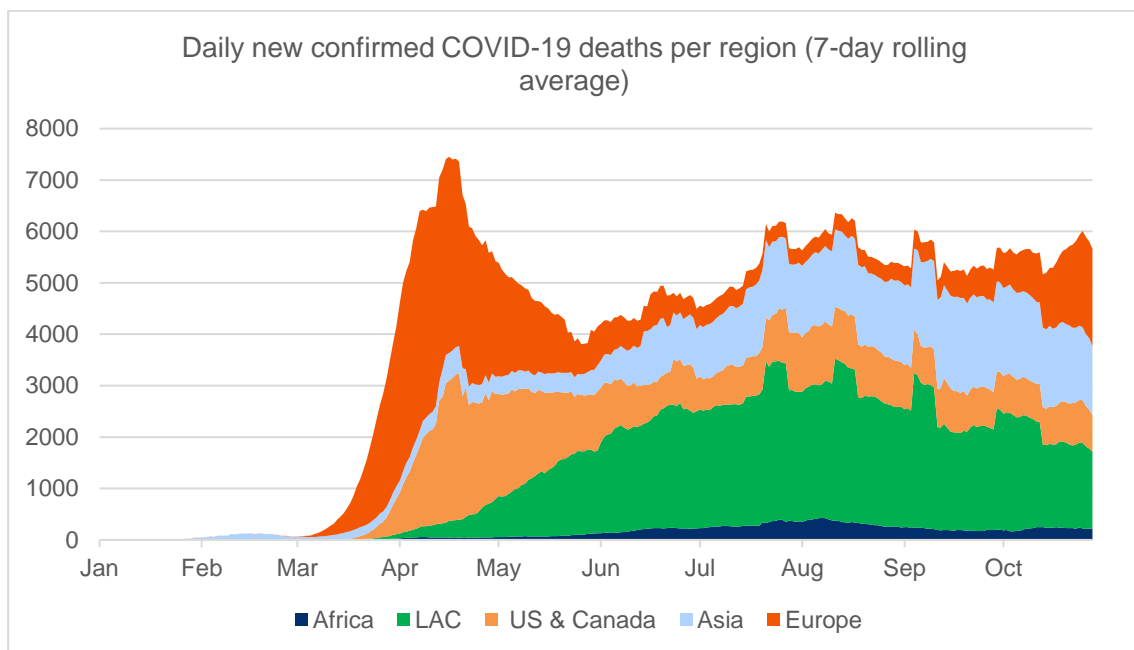


Combating COVID-19 in LAC: Health considerations

Containment measures enacted by governments in the region

The rapid spread of the pandemic has been a challenge for the world but in particular for the LAC region (Figure 1). Regardless of increasing access to basic sanitary facilities over the last 30 years, essential sanitary measures such as regular handwashing, use of hydro alcoholic gel and masks, and social distancing measures are still difficult to follow for 230 million vulnerable LAC people (ECLAC, 2020^[9]). Many households do not have access to safe water, and 21% of the Latin American urban population live in slums, informal settlements or precarious housing, where overcrowding and the lack of basic services are some of the factors that create an environment especially conducive to the spread of the disease (OXFAM, 2020^[13]). In Bolivia for example, only 52.7% of households have access to basic sanitary services (running water, electricity, wastewater treatment) (INE, 2019^[14]).

Figure 1. Daily new confirmed COVID-19 deaths per region (7-day rolling average)



Source: European CDC. Graph from ourworldindata.org - last updated on 27 October

To contain the spread of COVID-19, many LAC countries reacted swiftly by adopting strict social distancing and sanitary measures (Table 1) however, given the above-mentioned pre-existent conditions, the positive impact of containment measures was limited in the most vulnerable areas (Figure 2). After eight months of lockdowns and other restrictive measures, there is also the issue of “pandemic fatigue”, which is the “demotivation to follow recommended protective behaviours, emerging gradually over time and affected by a number of emotions, experiences and perceptions”. For instance, as lockdowns and other restrictive measures in LAC have been extended for longer periods of time than in other regions, “pandemic fatigue” might be also contributing to the situation and might be aggravated in the context of a second wave (WHO, 2020^[15]).



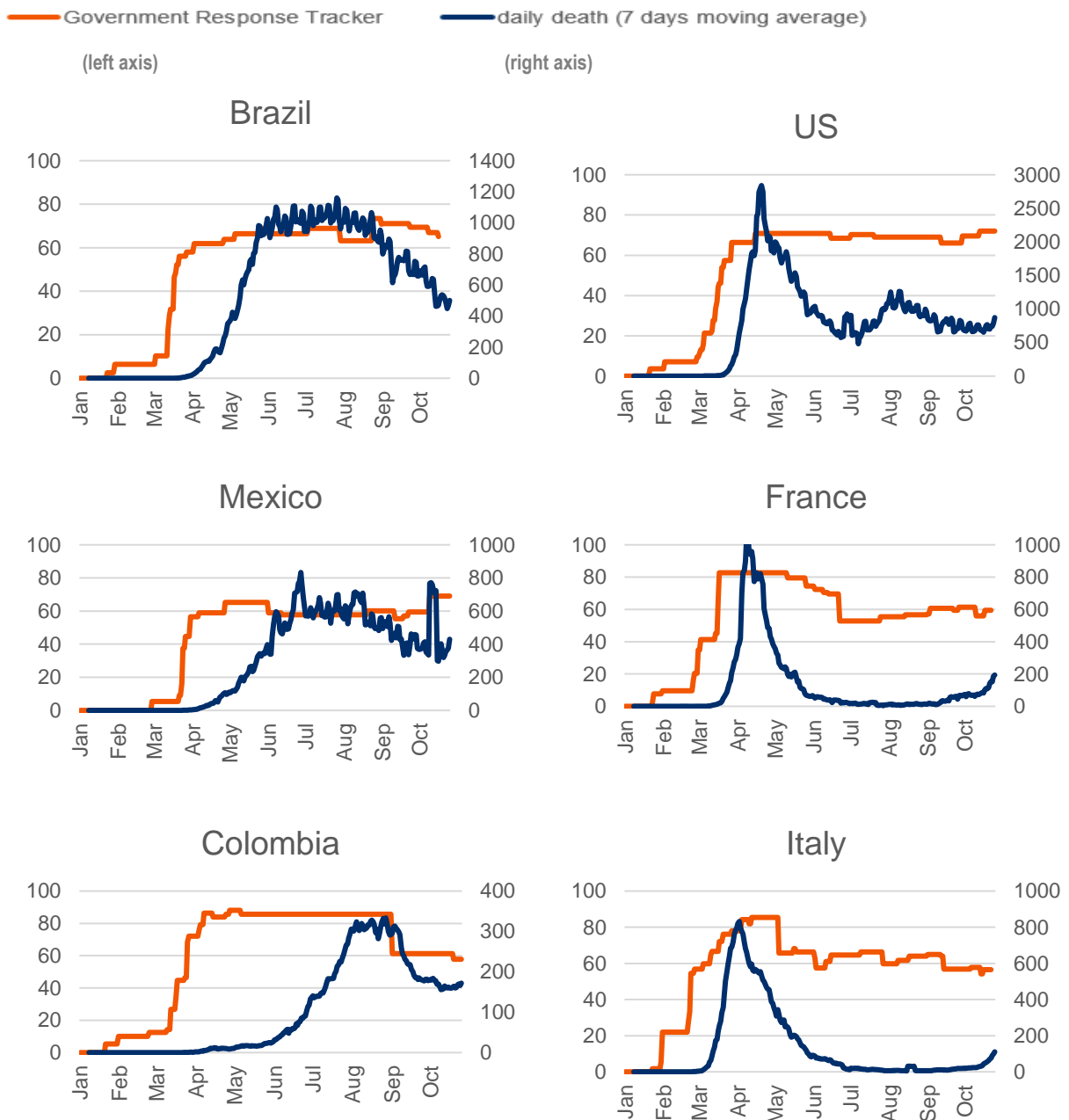
Table 1. Selected Health measures implemented in response to the COVID-19 crisis in LAC

Country	Selected Health Measures
Argentina	<ul style="list-style-type: none"> 8 October – Approval of the PCR Neokit Plus COVID-19 test. 27 July – Beginning of clinical trials for COVID-19 treatment by biotechnology firm Inmunova on 242 infected volunteers. The results are expected for October, at the earliest. 13 June – Approval of a COVID-19 rapid testing kit by the national drug regulatory agency. 100,000 testing kits will be produced monthly. 1 May – Completion of 12 emergency hospitals built in 30 days to make 1,200 more ICU beds available.
Brazil	<ul style="list-style-type: none"> 19 August – Mandatory use of face masks in schools, churches and stores. 12 June – The <i>Counts on Me</i> initiative enlisted 970,000 health professionals to help on the pandemic frontlines.
Chile	<ul style="list-style-type: none"> 4 July – Implementation of a new strategy to better test, trace and isolate COVID-19 cases. 10 May – Start of rapid testing of health personnel to detect COVID-19 antibodies and use of the air force to bring patients to facilities with less than 80% care capacity. 8 April – Mandatory use of masks on in public spaces.
Colombia	<ul style="list-style-type: none"> 31 August – End of national health state of emergency. 19 May – COVID-19 becomes an occupational disease for health workers. 12 April – Launch of plan to increase the capacity of ICU beds by 300%.
Costa Rica	<ul style="list-style-type: none"> 24 March – All COVID-19 diagnostic tests and treatment become free for all inhabitants. March – Implementation of teleconsultations for COVID-19 and to follow-up other patients. 16 March – Issuing of guidelines for mental health and psychosocial support in the context of COVID-19.
Dominican Republic	<ul style="list-style-type: none"> 15 September – Granting of free health insurance for tourists to cover any Coronavirus-related costs until the end of 2020. 14 May – Intervention in the most affected provinces with the setting up of rapid testing centres, limitation of movement between certain areas, and decontamination of medical facilities, supermarkets, and stores. 16 April – Mandatory use of face masks in public spaces.
Ecuador	<ul style="list-style-type: none"> 22 July – Setting up of 10 field hospitals in some of the most affected neighbourhoods of Guayaquil. 8 July – Dispatch of health monitors to 17 cities to screen 1 600 people with COVID-19 symptoms daily.
El Salvador	<ul style="list-style-type: none"> 10 May – Establishment of a call centre to attend emergency calls and handle purchases of medication. 29 April – Vetoing of a law providing health professionals with life insurance by President Bukele. 14 April – Requirement for families to allow health professionals into their homes to evaluate sanitation measures. 12 April – Mandatory use of face masks in public places.
Guatemala	<ul style="list-style-type: none"> April – Construction of five temporary hospitals dedicated to the COVID-19 pandemic. 12 April – Mandatory use of face masks in public places.
Honduras	<ul style="list-style-type: none"> 15 June – Deployment of medical brigades to areas hardest hit by COVID-19 to scout for possible cases and provide basic treatment. 3 April – Request for local governments to identify plots of land to be used for mass graves in case the number of deaths surpassed the country's capacity to process corpses.
Mexico	<ul style="list-style-type: none"> July – Launch of 100,000 tests per month in Mexico City, thereby increasing the daily testing average by 145%. 3 May – COVID-19 monitoring plan based on hospital occupancy and available beds. 24 March – Release of USD 180 million fund to expand hospitalisation capacity and coordinate the deployment of thousands of health professionals.
Panama	<ul style="list-style-type: none"> 3 June – Mandatory use of face masks in public places. 10 May – Issuing of health and safety guidelines for the public and private sectors.
Paraguay	<ul style="list-style-type: none"> 12 August – Training of 1,420 additional health professionals to increase the workforce able to serve in intensive care units. 8 July – Launch of the Health Ministry's National Blood Programme calling the recovered COVID-19 patients to participate in trials and donate blood plasma to help allow active cases to combat the disease. 21 April – Completion of the construction on two hospitals to treat COVID-19 patients, adding 200 more ICU beds.
Peru	<ul style="list-style-type: none"> 24 June – 48 hours ultimatum for private health clinics to agree on set prices to charge the government when treating uninsured COVID-19 patients. 3 June – Arrival of 85 doctors and medical professionals from Cuba to help on the pandemic frontlines. 27 March – Launch of telemedicine to face the health needs arising from the COVID-19 pandemic.
Uruguay	<ul style="list-style-type: none"> 18 August – Inauguration of a COVID-19 testing laboratory in Rivera, at the border with Brazil, to perform up to 500 daily tests. 15 May – Agreement with two state health service providers to reinforce care for the elderly, regardless of their health insurance plan. 10 May – Mandatory use of face masks on public transport.



The Oxford COVID-19 Government Response Tracker (OxCGRT¹) is a composite measure analysing government responses to the pandemic around the world (Figure 2). The indicator suggests that, while restrictive measures such as national lockdowns and strict social distancing measures were effective in containing infections in Europe, they did not have the same effect in LAC. In most LAC countries, instead of a rapid decline in the number of cases and deaths, contagion plateaued at a high level for a number of weeks with no marked decline until the month of September.

Figure 2 – Government Response and death toll Tracker



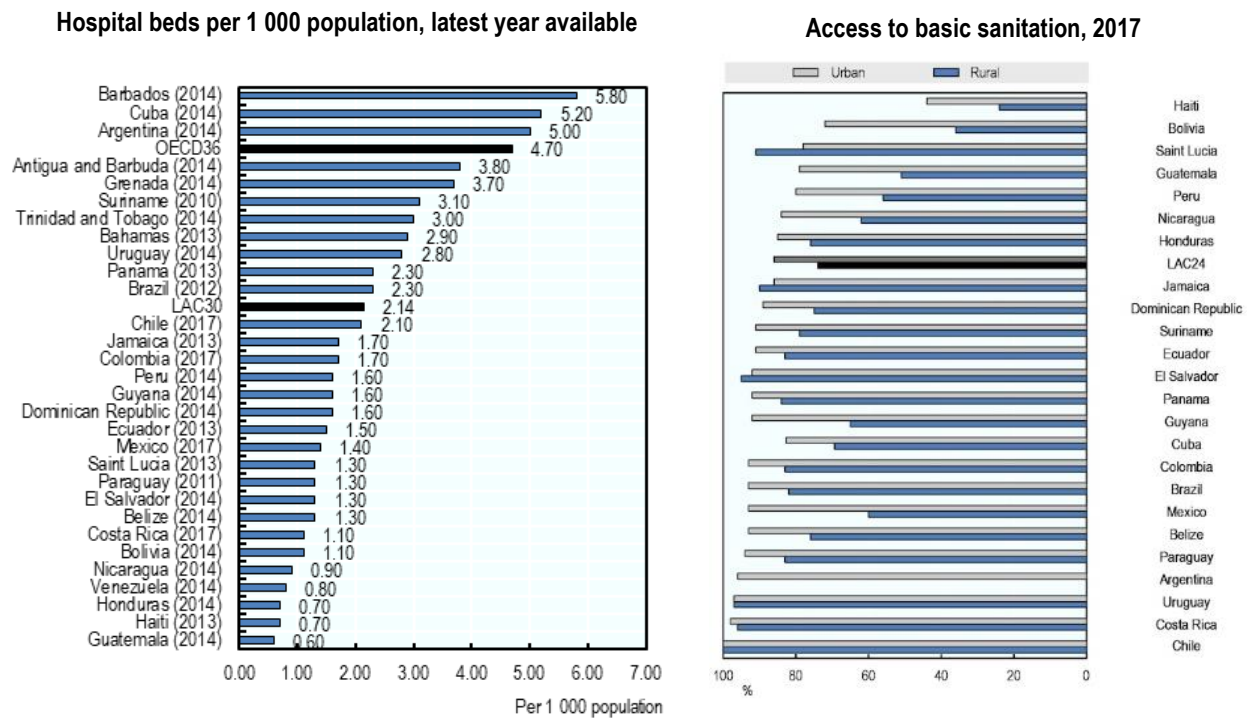
¹ Indicators include school and workplace closures and travel bans, rescaled to a value from 0 to 100 (100=strictest). For a full description of the data and how it is collected, [Oxford working paper 'Variation in government response to COVID-19'](#). (Hale et al, 2020). *Oxford COVID-19 Government Response Tracker*, Blavatnik School of Government. Data use policy: Creative Commons Attribution CC BY standard.



Healthcare system challenges and measures

Most LAC countries' healthcare systems have significantly lower capacity than the OECD average, with lower health expenditure, fewer hospital beds and health professionals per 1000 inhabitants, and weaker disease surveillance and tracking systems. For example, while Mexico, Costa Rica, Colombia and Chile have at most at 2.1 beds per 1000 people (Figure 3), the OECD average is 4.7 (OECD, 2019^[16]). These capacity gaps extend beyond the number of beds to also include issues such as testing. For example, the Health Ministry of Costa Rica announced on 11 March that it would no longer report suspected cases, as the number of suspected cases exceeded the national testing capacity.

Figure 3. Status of Health System capacities in Latin America and the Caribbean before the pandemic



StatLink: <https://stat.link/5lcxwi>

StatLink <https://stat.link/1twid9>

Source: OECD/The World Bank (2020), Health at a Glance: Latin America and the Caribbean 2020, OECD Publishing, Paris, <https://doi.org/10.1787/6089164f-en>

In light of these challenges, LAC countries quickly declared a state of emergency, instituting an initial national quarantine in March which was then extended in most countries until October 2020 (Annex 1). For some federal states such as Mexico and Brazil, these decisions were taken by state governments and were as a result implemented considerably later. In contrast, El Salvador began to implement one of the stricter containment measures even before the first case was confirmed (ASCOA, 2020^[3]). Since then, governments have been undertaking measures to control social isolation and/or distancing based on levels of infected areas (e.g. Chile, Ecuador and Guatemala), gender (e.g. Panama, Colombia and Peru), vehicle license plate numbers (e.g. Ecuador) and week/weekend curfews (e.g. the Dominican Republic and Honduras).

Governments also boosted the capacity of their healthcare systems to cope with this crisis, as well as facilitating access for all citizens. Some of the measures included constructing emergency hospitals in record time (e.g. Argentina), making additional ICU beds available (e.g. Colombia and Peru) and training health professionals to serve in intensive care units (e.g. Brazil and Chile). Amid concerns of capacity and price gouging, some governments made agreements with private clinics to immediately increase the number of beds available. Peru for example, gave private health clinics 48 hours to reach an agreement on the set prices that they would bill



the State to attend to uninsured COVID-19 patients. Similarly, Chile issued Decree [N°356] whereby clinics had to increase their ICU bed capacity by 20% in a week, and by 100% in a month (MINSAL, 2020_[17]).

Some countries, such as Uruguay and Argentina, also developed their own testing kits with government-financed research from top national universities, along with technology companies, producing up to 100 000 testing kits per month. Others, like Brazil and Mexico, received up to 135 000 testing kits from China. Governments have also strengthened their strategies to test, trace and isolate cases.

Re-opening strategies

Considering the major impact the COVID-19 pandemic is having on LAC economies and the pre-existing vulnerabilities of a great majority of the population, LAC governments have been forced to reopen their economies and gradually relax their social distancing plans. However, despite the urgency of the situation, a number of countries were able to design and implement gradual easing lockdown plans (Annex 1). Dividing the territory by levels of contagion, countries presented reopening plans in gradual phases. Bolivia, for example, started relaxing quarantine measures in May depending on the Health Ministry classification of the country's contagion levels. A similar colour-coded national emergency alert system strategy was adopted by Ecuador, Mexico and Costa Rica. Chile announced a "step-by-step" reopening plan based on each district's infection rate. Peru based its plan on sectors' percentage of operational capacity. For example, non-metallic mineral and paper production started in May, large-scale underground mining in June, medium-scale underground mining, in July, and tobacco production in August. Nevertheless, sensitive sectors, such as restaurants and entertainment activities, could not exceed 40% occupancy until the 1st of October, when the country entered into phase 4 of the reopening plan. Argentina announced plans to progressively relax social distancing measures starting by opening neighbourhood non-essential businesses, gradual school reopening (closed since March) and permitting outdoor exercise in regions with a lower contagion rate. In some countries, all borders have been closed since April, banning entry to all foreign nationals until late 2020. Paraguay, Peru, Chile, El Salvador decided to keep schools closed until the end of the year.

Avoiding and mitigating a second wave: lessons from Europe and Asia

Taking into consideration the second COVID-19 wave hitting Europe at the time of writing, LAC countries should revise the easing of lockdowns, particularly in highly-contaminated areas, making them longer and stricter to track and trace the virus. Many European countries failed to build robust testing-tracking-tracing systems once lockdowns were ended and accelerate hospitalisations of patients with non-COVID related conditions (The Economist, 2020_[4]). Now, European countries are confronted with an even stronger second wave, while at the same time having to treat patients whose hospitalisations had been postponed due to the COVID-19 emergency. Having to go back to strict social-distancing measures to avoid hospital saturation, European countries are now introducing or reintroducing quarantines and curfews. Countries which were under harsh lockdowns during the first wave have been reluctant to reintroduce tough quarantine measures and tried to avoid them by reducing social interactions as much as possible. Curfews have been a middle ground option, while increasing the use of masks, sanitisers and promoting teleworking as much as possible (The Economist, 2020_[4]). France, Italy and Spain reintroduced partial curfews starting from 9 and 11 p.m. respectively (GOUV, 2020_[18]); (MDS, 2020_[19]); (MSCBS, 2020_[20]) by October, extending it then to other highly contaminated areas in the country a couple of weeks later. Despite an initial two-week curfew, to stem the rapidly raising numbers of COVID-19 cases, France implemented a second national lockdown on 30 October for one month renewable (GOUV, 2020_[21]), joining Wales, Ireland and the Netherlands (GOV, 2020_[22]); (GOV, 2020_[23]) England, Belgium and Portugal have also introduced four weeks lockdowns starting from November (GOV, 2020_[24]); (BE, 2020_[25]); (GOV, 2020_[26]). Germany implemented a month-long partial lockdown, adopting rigorous restrictions on personal contacts and recreational activities, while keeping shops, schools and nurseries open.

Considering the social and economic difficulties LAC might have on facing second COVID-19 wave by implementing a second lockdown, efforts should be focused on preparing for the second wave by exiting the first lockdown in a coordinated manner. In Israel for example, the eight-step exit strategy implemented gradually after having to introduce a second lockdown in September seems to be showing positive results (Times of Israel,



2020^[27]). This would maintain the virus under control while treating non COVID-19 related hospitalisations to minimise the potential influx of patients during a second wave. As seen previously, there are intermediate options before reintroducing national lockdowns, but they only work if certain conditions are met. These include effective testing, contact tracing and isolation capacities; a culture of wearing masks and following public health directives; electronic contact tracing; and selective non-essential local restrictions with high levels of social interaction. Particular attention must be paid to protecting the most vulnerable from the virus while keeping the economy running. South Korea, for example, divided people in seven different categories: (1) people aged 65 years old and older; (2) people with underlying chronic conditions such as diabetes, chronic kidney, liver, or heart disease, and HIV; (3) people with blood cancer; (4) cancer patients receiving chemotherapy; (5) people taking one or more immunosuppressive medications; (6) pregnant women, extremely obese people, those undergoing dialysis, transplant recipients, and smokers; and (7) people with a blood oxygen saturation level below 90%. The country also ensured response readiness for these and other groups by running simulations of various outbreak conditions in hospitals before the start of the COVID-19 pandemic (Our World in Data, 2020^[28]).

Actions towards access to vaccine

While most countries in the region have joined the World Health Organization's COVAX Facility in the hope of having rapid and fair access to the COVID-19 vaccine once it becomes available, several local initiatives to produce it have also been implemented. In August 2020, the governments of Argentina and Mexico signed an agreement with mAbxience, the British pharmaceutical company AstraZeneca and Oxford University. The aim is to jointly produce between 150 and 250 million doses of the COVID-19 vaccine to be distributed across Latin America within the first half of 2021. Similarly, Brazil signed separate agreements with four pharmaceutical companies to produce a COVID-19 vaccine and financed the construction of a factory with the help of private investments (Table 2). In Chile, Colombia, Cuba and Peru, among others, clinical trials for different American, Russian and Chinese vaccines are being conducted with the expectation that an effective one will become available. More than a centre for Research and Development (R&D), Latin America has become a region where vaccines will be tested in phase 3 (only in some countries including Brazil) and – hopefully - in the coming months vaccines will also be manufactured in Argentina, Brazil and Mexico. Innovation and R&D, unfortunately is weak in LAC countries themselves. Brazil seems to have more trials for assessing treatments, but still much less than in other regions.

Table 2. Vaccine strategies in response to the COVID-19 crisis in selected LAC countries

Country	Selected Vaccine Strategies
Argentina	<ul style="list-style-type: none"> 13 October – Agreements to acquire 198 million vaccine doses from the WHO COVAX Facility and the laboratories AstraZeneca, Pfizer, and CanSino Biologics. 13 August – Signed agreement between mAbxience, AstraZeneca and Oxford University to produce between 150 and 250 million doses of the COVID-19 vaccine in the first half of 2021.
Brazil	<ul style="list-style-type: none"> 7 August – Construction of a USD 18 million COVID-19 vaccine factory financed by the billionaire Jorge Lemann's foundation alongside other businesses. 27 June – Signature of a USD 127 million deal to locally produce 30 million doses of the COVID-19 AstraZeneca vaccine by January 2021.
Chile	<ul style="list-style-type: none"> 22 September – Agreement to receive 10 million doses of the Pfizer-BioNTech vaccine, in addition to 8 million doses from the COVAX Facility.
Colombia	<ul style="list-style-type: none"> 26 August – Approval of clinical trials for Johnson & Johnson's vaccine across the country.
Mexico	<ul style="list-style-type: none"> 25 August – Launch of Phase 3 trials of the Russian vaccine Sputnik V on 2,000 volunteers.
Peru	<ul style="list-style-type: none"> 11 October – Agreement to receive a first batch of 9.9 million vaccine doses from the pharmaceutical company, Pfizer.
Uruguay	<ul style="list-style-type: none"> 13 October – Investment of USD 2.5 million in the WHO COVAX Facility to acquire 1.5 million doses of the COVID-19 vaccine when it becomes available.

Long-term considerations for greater resilience

With the spread of the COVID-19 pandemic, the issue of health system resilience and preparedness to ensure equal access to health and treatment has topped national and global health agendas. In the long term, new strategies will be needed to improve equal access to and quality of health systems for all, and reinforce their



capacity to react to future sanitary crises. Countries should aim to continue their progress towards universal coverage of high quality services; strengthen public health capabilities, including health information infrastructure and surveillance systems; and improve governance and the rapid co-ordination of responses to outbreaks across national territory. Governments should increase their focus on Primary Health Care (PHC) - the backbone of strong health systems - to mitigate the impact of epidemics and pandemics, given its proximity to the community and its potential role of addressing the majority of health needs of the population it serves. Overall, more and better health spending is needed, with a priority on reducing harmful and inefficient private spending such as high out-of-pocket expenditures (OECD, 2020^[29]). The OECD Joint Network of Senior Budget and Health Officials, in partnership with the WHO, is developing a “Health financing resilience assessment tool”, which, after initial testing, could be applied in at least 10 LAC countries. This tool will provide a dashboard that highlights priority areas for reform and targeted policy recommendations (OECD, 2020^[30]). Further regional and international collaboration is also needed to further develop public goods such as R&D on vaccines, diagnostics, treatments for priority and (re)emerging diseases; and health statistics and information among others. (OECD, 2020^[29]).

The social dimension of the COVID-19 crisis in LAC

How the pandemic impacted the most vulnerable: informal workers and women

The LAC region faces a set of underlying social challenges that have a major impact on policy responses to the crisis. With a forecasted 9.1% GDP contraction, unemployment could reach 13.5%, with 44.1 million people unemployed. Poverty is expected to grow by 45.4 million in 2020, bringing the total number to 230.9 million in 2020 (representing 37% of the LAC population), the most affected countries being Argentina, Brazil, Mexico and Peru (ECLAC, 2020^[31]).

The COVID-19 pandemic brought to light the many deeply-rooted inequalities and disparities in the region. Social assistance programmes in the region cover a significant portion of poor households, but many remain exposed. Close to 40% of workers are not protected by any safety net and this reaches a level of 65% across informal workers (Basto-Aguirre, Nieto-Parra and Vázquez-Zamora, 2020; OECD et al., 2020^[32]). Widespread informality in LAC remains a key concern, as more than half of total workers are informal, limiting their capability to follow social distancing measures and protect themselves and their relatives and placing them at a higher risk of income loss. Informal workers represent almost 60% of total workers in LAC (OECD, 2020^[1]). The prevalence of informality is highly heterogeneous in the region. In Uruguay, for example it hovers around 25% while in Honduras and Peru 80% of workers are in the informal sector. While working from home may be a solution for high-skilled workers, that option is out of reach for the most vulnerable due in part to the type of work they do and to the digital divide, which constrains workers’ ability to access and use technology effectively (OECD, 2020^[6]). Informal workers who do not have health coverage also face barriers to accessing healthcare services when needed. Furthermore, over 80% of the population is concentrated in urban areas (STATISTA, 2019^[33]) with 21% of them living in slums, informal settlements or inadequate housing where basic sanitary services are not available (UNHABITAT, 2016^[34]). This combination creates a complex scenario, exacerbating the epidemic’s impact on the most vulnerable groups. Similarly, the increase in unemployment rates, particularly in commerce and tourism, has had a heavy impact on women, who traditionally record higher unemployment rates than men in LAC (ECLAC, 2020^[35]). Moreover, women have also been in the first line of response to the pandemic, representing more than 70% of the health workers in the region (ECLAC, 2020^[35]).

Under a scenario of a 9.1% contraction in GDP in 2020, poverty in LAC may rise by 6.9 percentage points (45.4 million more people), compared with the prior year, affecting a total of 230.9 million people (37.3% of the LAC population) (OECD, 2020^[36]). Among these, 118 million are expected to be women (OECD, 2020^[29]). It is feared that the crisis could set back women’s participation in the labour market by a decade, as approximately 57.2% of women’s employment is concentrated in high-risk sectors (compared to 40.3% of that of men) (ECLAC, 2020^[37]). Additionally, women in the LAC region face major barriers to fully participate in the formal economy,



in part due to the additional burden they assume for unpaid care and domestic work activities. Even before the pandemic, one out of every three women in the region did not earn her own income. The COVID-19 pandemic, through abrupt reduction of formal care options (schools and care centre closures, paid domestic work) and informal systems (families, neighbours, etc.) – along with the additional strain on families that lockdown has implied – has exacerbated this situation further. Women’s work-life balance has deteriorated as they have been forced to juggle their paid employment with added care responsibilities for children and other family members, supervising home schooling, and domestic activities, such as cooking or cleaning (ECLAC, 2020^[38]). Even in “normal times” LAC women and girls spend three times more on these activities per day than men and boys do, pointing to the persistent perception of women as primary care-givers. This situation is particularly critical in Argentina, Chile and Mexico (ECLAC, 2020^[35]).

Prolonged quarantines, overcrowding, economic uncertainty and increased poverty due to the pandemic has increased reports of gender-based violence in the region, including acts of violence against women and girls (ECLAC, 2020^[38]). Since April, domestic violence and sexual abuse reports have increased dramatically. For instance, in the first week of quarantine, calls to Chile’s domestic abuse helpline increased by 70% and in the first two weeks, phone calls to Colombia’s domestic violence helpline increased by 130%. In Argentina, Brazil and Mexico, domestic violence reports increased by 67%, 45% and 25% respectively compared to a year earlier (STATISTA, 2020^[39]). Moreover, in many cases, it is difficult for women to denounce their aggressor, often confined in the same household (OAS, 2020^[40]). The United Nations estimates that, for every three months of lockdown, there will be 15 million additional cases of gender violence worldwide (UNFPA, 2020^[41]). Considering the school closures in LAC, it is reasonable to assume that adolescent girls are at greater risk of facing various forms of violence.

Policy recovery measures

As will be examined in further detail in the next section, all countries have put in place economic support measures to give relief to both companies and individuals, and often with a special emphasis on the most vulnerable. As an immediate response, governments announced the suspension of evictions for those who could not pay rent, and a freeze on mortgage loan rates and payment arrangements. Costa Rica and Panama placed a moratorium on a number of taxes including mortgages, loans and credit cards for a limited amount of time. Colombia approved a “clean state” law that would give debtors a year-long grace period to catch up on their payments. Some easing conditions were also given for student loan repayments. However, the fact that many self-employed, SMEs and individuals operate in the informal sector further complicates even these targeted measures from reaching those most in need.

Many LAC governments have implemented additional income support social measures to ensure that compliance with containment restriction measures is possible for those with low-incomes and/or the inability to work from home (Table 3). These measures often include the temporary expansion of existing cash transfer and in-kind programmes, and additional transfers to reach vulnerable people not covered by existing programmes. For instance, Brazil announced an extension until the end of the year of the emergency aid payment to informal and unemployed workers and beneficiaries of the *Bolsa Familia* welfare programme. The Dominican Republic also enlarged the reach of the social welfare programme *tarjeta de Solidaridad* to families that fall outside of government radar. A similar scheme was expanded to reach 2 million people in Ecuador (OECD, 2020^[42]). Massive distribution of food products to benefit low-income citizens was also undertaken by many LAC countries including Chile and El Salvador. Brazil also expanded its emergency income plan, which rendered informal workers eligible for social benefits. In Chile, this translated to a COVID-19 bonus and an emergency family income project to complement wages for vulnerable families, including those dependent on informal income. Targeting self-employed and informal workers, Peruvian households that had been ineligible for previous payouts also received vouchers. In some countries, such as Mexico, pension deposits for seniors were advanced. In Chile, citizens were allowed to withdraw part of their pensions (Basto-Aguirre, Nieto-Parra and Vázquez-Zamora, 2020; OECD et al., 2020^[32]).



Countries like Argentina created emergency funds and programmes to help companies and workers from the most affected sectors such as tourism, entertainment, culture, health and sports. The governments of Ecuador, Paraguay and Peru helped workers retain their jobs by providing complementary salaries up to the minimum wage, absorbed part of some workers' salaries and gave advantages, including zero-interest loans, to self-employed workers in Chile and Argentina. In Colombia, Costa Rica and Peru, online platforms were created through which those who have lost their jobs or suffered from income insecurity could request a monthly bonus for a limited amount of time. Costa Rica launched the *Plan Proteger*, an online financial support platform through which Costa Ricans could request this monthly bonus. Uruguay also extended the unemployment benefits for workers who completely lost their jobs.

Non-conditional cash transfers, with a particular focus on female-headed households, were implemented in Argentina, Chile, Ecuador the Dominican Republic and Uruguay. The “*Quedate en casa*” programme in the Dominican Republic, the reinforcement of transfer programmes such as the Social Card in Uruguay and Costa Rica and the COVID-19 bonus in Chile aimed to support vulnerable households, and in particular, women and children. LAC governments have also identified interactions between the care sector and COVID-19 and have implemented measures to mitigate the additional burden on women during lockdown. Special leave was given for pregnant women and people whose presence is indispensable for care in Argentina and Bolivia. Childcare services networks continued to provide support in Costa Rica and Uruguay. Public campaigns on media and social platforms were launched with the aim of promoting a more balanced distribution of household chores and the co-responsibility of care. Hashtags such as #QuarantineWithRights in Argentina or the #AtHomeWeShareChores in Ecuador, and the #HeForShe campaign in Mexico, helped promote a non-gendered stereotyped distribution of work at home.

To address the increasing rates of domestic violence, several countries implemented measures to prevent and denounce violence against women (OECD, 2020^[43]). Chile, Colombia and Uruguay rapidly implemented measures to stop the rise of gender-related domestic violence during social distancing. Uruguay launched an awareness campaign on social media, a phone number for emergencies and a protocol created together with the Health Ministry for personnel to detect possible instances of domestic violence. Others created specific places to take in women victims of domestic violence. Colombia, Mexico and Peru increased their budgets for places in safe houses and specialised shelters for women who are victims of gender-based and domestic violence (ECLAC, 2020^[35]). In Chile, the code word “Facemask 19” is used in pharmacies to identify women seeking assistance. The Chilean Ministry of Women and Gender Equality has also put in place significant preventive and containment measures such as continued operations centres for women and 100% operative shelters, campaigns to encourage reporting, and online prevention courses. Some of these have included: #ContigoMujer (with you woman), #PasaElDato (pass it on) and “*En esta comunidad no entra la violencia*”, all of them campaigns directed at raising public awareness for the issue of violence against women (OECD, 2020^[44]).

Table 3. Selected Social policy measures implemented in response to the COVID-19 crisis

Country	Selected Social Measures
Argentina	<ul style="list-style-type: none"> • 24 September – Extended suspension of housing evictions and freezes on rent and mortgage rates - 31 January 2021. • 27 August – Granting of complementary salaries to “critical” workers until December 2020. • 21 August – Extension of price freezing for mobile, internet, and television services to the end of 2020.
Brazil	<ul style="list-style-type: none"> • 1 September – Extension of the emergency aid programme worth about USD 56 to informal and unemployed workers, and beneficiaries of the <i>Bolsa Familia</i>, to 31 December. • 15 May – Expansion of the emergency income plan to include informal workers (teenage mothers and single parents). • 7 May – Creation of a “war chest” to provide additional federal funds to combat the pandemic.
Chile	<ul style="list-style-type: none"> • 30 July – Approval of USD 626 voucher for over 1 million people with monthly income of between USD 525 and USD 2,000 in 2019. • 14 June – USD 12 billion approved by Congress as an emergency fund for the Emergency Family Income Project. • 13 June – Distribution of food products to over 3 million low-income Chileans under the Food for Chile programme.



Country	Selected Social Measures
Colombia	<ul style="list-style-type: none"> 27 May – Approval of a “clean slate” law that gives debtors a year long grace period to catch up on their payments. 24 March – Disbursement of about USD 40 to 3 million low-income families and students repaying loans.
Costa Rica	<ul style="list-style-type: none"> 9 April – Launch of the <i>Plan Proteger</i> online financial platform to provide a monthly bonus of up to USD 220 for three months for those who have lost their jobs or are suffering income insecurity. 19 March – Approval of a tax relief law suspending four types of taxes from April to June: the Value-Added Tax, profit taxes, selective consumption taxes, and tariffs on imported merchandise.
Dominican Republic	<ul style="list-style-type: none"> 23 April – Inclusion of additional 70,000 homes to the <i>Tarjeta de Solidaridad</i> welfare programme. 1 April – Disbursement of monthly payments ranging from USD 27 to USD 130 for food and first aid products to the 811,000 families already subscribed to <i>Tarjeta de Solidaridad</i> programme and an additional 690,000 families outside the social welfare programme. 25 March – Launch of an economic package worth over USD 591 million to alleviate salary losses and food insecurity.
Ecuador	<ul style="list-style-type: none"> During the pandemic – no unpaid utilities were cut off, and the government provided increased internet and cell phone data service, as well as free COVID-19 tests for anyone with symptoms. 10 April – Inclusion of 2 million people in the welfare programme disbursing USD 60 to families earning under USD 400 per month.
El Salvador	<ul style="list-style-type: none"> 23 April – USD 1 billion agreement with the private sector to provide basic food items to 1.7 million families, USD 600 million low-interest loans to SMEs and USD 90 million in credits to the informal sector. 21 March – Disbursement of about USD 300 per house for about 75% of households. 18 March – Suspension of utility, phone, and internet bills for three months to be paid back within two years. In addition, freezing of payments on mortgages, cars, motorcycles, and credit cards.
Guatemala	<ul style="list-style-type: none"> 7 May – Disbursement of a daily minimum payment of USD 10 to laid-off workers in the formal sector, food coupons for vulnerable populations and a daily credit to 200,000 households to cover for meals of public school students. 3 May – Agreement with businesses to avoid cuts in water, electricity, phone, and internet services in cases of unpaid bills, and available one-year repayment plans. 25 March – Emergency bill providing a fund of roughly USD 480 million to cover elderly, health, employment, security, and economic programmes during the pandemic.
Honduras	<ul style="list-style-type: none"> Mid-June – Disbursement of bonuses to 70% of furloughed workers. 16 June – Extension of sales tax payments for SMEs’ employees, which account for 70% of the workforce for three months. 2 April – Extension of sales tax payments for businesses until 30 June.
Mexico	<ul style="list-style-type: none"> 24 June – Advance payment of the pensions for senior citizens for the months of July to October. 14 May – Granting of life insurance for health workers attending Coronavirus patients.
Panama	<ul style="list-style-type: none"> 30 June – Suspension of payments on mortgages, a variety of loans, and credit cards until 31 December 2020. 4 May – Suspension of payments on electricity, internet, and phone bills for four months. 27 March – Launch of the <i>Panama Solidario</i> initiative to distribute funds and resources to the poorest households.
Paraguay	<ul style="list-style-type: none"> 3 August – Allocation of roughly USD 72 to over 28,000 low-income inhabitants to provide economic relief. 17 July – Allocation of a third wave of subsidy payments, as part of the USD 100 million social welfare emergency programme. 13 May – Disbursement of an additional USD 4.8 million in the form of direct debit deposits to roughly 150 people.
Peru	<ul style="list-style-type: none"> 16 April – Disbursement of USD 200 to 1 million families in rural areas. 13 April – Subsidisation of non-essential workers’ salaries whose lost their jobs. 6 April – Launch of the <i>Reactiva Perú</i> programme, which aims to guarantee up to 98% of businesses with loans to pay their employees and suppliers.
Uruguay	<ul style="list-style-type: none"> 11 August – Disbursement of three months health care coverage to roughly 147,000 workers who have lost theirs. 5 August – Extension of benefits until 13 November for the unemployed, and 30 September for partially employed workers. 31 July – Third extension of the subsidy for workers over 65 years old: 70% of their monthly salary to allow them to stay home.

Long-term considerations for greater resilience

This exceptional crisis has required unprecedented measures. In response to COVID-19, LAC countries significantly enlarged the reach of their social programmes by implementing new registration strategies, specifically targeting the non-employed and informal workers. To further increase the reach and impact of social protection strategies, governments should:

- Depending on the structure of formal and informal employment, for example in terms of the share of low-income workers, evaluate whether to provide income support or temporary exemptions from payroll taxes or social contributions to formal workers whose hours have been reduced, in order to encourage employers to keep them on their payroll. Such measures could help maintain some of the gains in employment formalisation made in many countries in the region in the past few years.



- Expand social protection coverage, speed up ongoing efforts towards expanding social protection coverage and access, and ensure that healthcare is of equal quality for all citizens. This will require the expansion of fiscal space through efficiency-gains in tax collection and public spending.
- Amplify efforts to include informal workers in the formal labour force. The crisis provides a historic opportunity to create a direct relationship between the government and the informal economy, for example by creating a comprehensive registry and following-up with gradual formalisation programmes (OECD, 2020^[45]).
- Increase early childhood education and care facility access and quality. The pandemic has also thrown in to sharp relief existing structural aspects driving gender inequalities in the region, such as the economy of care. In this regard, governments can do more to level the playing field by strengthening care policies and ensure that all policies promote co-responsibility.
- Strengthen and promote targeted programmes to early identify and eradicate gender-based violence. Provide psychological and financial assistance and protection to women and girls in need.

The *Roadmap for Action in Support of an inclusive recovery and setting the ground for a renewed social pact* included in the [Conclusions and policy considerations](#) of the recently held Ministerial Summit on Social Inclusion of the OECD LAC Regional Programme contains more specific recommendations on the following points:

- Universal social protection and healthcare coverage.
- Initiatives to reduce the incidence of informality.
- Quality of education and greater impulse to digital, cognitive and non-cognitive skills.
- Job opportunities for youth, women, migrants and indigenous populations.

The economic dimension of the COVID-19 crisis in LAC

Macro-economic perspective

The global economy collapsed in the first half of 2020 as the COVID-19 outbreak took hold, with output declining by as much as 20% in some countries where containment measures were particularly restrictive. The LAC region, in which the majority of countries already had sluggish growth perspectives, is suffering an important blow (OECD, 2020^[5]). The OECD Economic Outlook interim report, released in September 2020, revised its projections for G20 countries in the region for 2020 and 2021 (Argentina -11.2 and 3.2, Brazil -6.5 and 3.6, Mexico -10.2 and 3.0 for 2020 and 2021, respectively). The IMF estimates a decline of 8.1% for 2020 and a recovery of 3.6% for 2021 (IMF, 2020^[46]). ECLAC projects a 9.1% GDP fall in the region, and estimates that the drop in economic activity will bring GDP per capita to a similar level to that seen in 2010 (ECLAC, 2020^[47]).

The sharp decline in global and regional economic activity in 2020 will also have a strong impact on LAC's external accounts. Demand from the rest of the world has dropped. Trading partners are postponing investment decisions, while the decline in international demand is triggering a dramatic fall in exports from the region. ECLAC reports that the value of exports and imports of goods in the region decreased by 17% between January and May 2020 compared to the same period in 2019. Both flows collapsed towards the end of the five-month period in 2020, with a 37% year-on-year fall in May (ECLAC, 2020^[48]). Terms of trade have also deteriorated. The commodity price index (which includes products that accounted for almost 40% of the value of the region's total goods exports in 2018 and 2019) plummeted by 18.2% in January–June 2020. The decline was much greater in energy products (37%), especially oil and its derivatives. As of early April 2020, oil prices have fallen by 30% since the beginning of the year; copper, iron, soybeans, sugar and coffee prices have also sharply declined.



Micro-economic perspectives

Ongoing social distancing and restrictive measures are having a significant impact on businesses, particularly SMEs, and the large population that operates within the informal economy. SMEs are more likely to have less resilience and flexibility in dealing with the costs these shocks entail, due to the costs of under-utilised labour and capital weighing greater on SMEs than larger firms, the extent of informality, and, in many cases, lower levels of digitalisation precluding teleworking, when it would have otherwise been possible. Thus, the period over which SMEs can survive the shock may be shorter than for larger firms. Furthermore, in both OECD and LAC countries, SMEs are strongly present in service sectors, which provide 64% of formal employment in the region (ECLAC, 2020^[49]). Tourism is another area which has been hard hit, given the particular nature of this crisis. In the first four months of 2020, tourism tumbled by 44% globally. For the year overall, tourism could plummet by between 60% and 80%. This has had a detrimental effect on the economies of Central America and the Caribbean small island developing states, where tourism is a major driver of economic activity and employment.

Policy measures implemented to mitigate the situation.

All countries have put in place economic stimulus measures to alleviate the negative impact caused by the crisis and tackle the general economic slowdown. These measures focus on providing relief to both companies and individuals in terms of their access to finance and ability to comply with obligatory payments during this crisis, such as of taxes or utilities.

Several governments have put in place targeted policies to support vulnerable SMEs, including specific financing lines, low-cost or zero-interest loans, payment of salaries through public funds, postponement of various tax payments, social security contributions and loan payments. Furthermore, countries have taken measures to lighten the financial and procedural burden of personal tax, public utility, credit card, loan and mortgage payments. Fiscal support varies considerably across countries and has been relatively large in some economies, including Brazil, Chile and Peru. However, the final value of these measures remains uncertain given the final execution of these announcements, as well as the possibility to expand the duration or coverage of these temporary actions or the announcement of new policy actions in the upcoming months (OECD, 2020^[36]). The volume of the measures announced ranged from 0.5% to 12% of GDP (Elgin, C., Basbug, G., Yalaman, A., 2020^[50]). As the specific measures employed by each country vary substantially and there are significant information gaps with regards to effective implementation, Annex 2 provides a more detailed overview by country.

Long-term considerations for greater resilience

The pandemic has exposed a number of pre-existing structural vulnerabilities in LAC economies. The limited fiscal space, reduced by increased public debt, underlines the urgent need for structural reforms to improve fiscal sustainability and public spending efficiency. Governments are encouraged to:

- Promote competition and reduce regulatory burdens. Long-term sustainable growth can only be supported by productivity gains, which will require governments to promote competition and reduce regulatory burdens, enhancing the business environment and fostering investment.
- Enhance training or mentoring programmes, to help SMEs assess and manage the financial impact of the crisis, go digital and find new markets.
- Promote access to the formal labour market, and improve skills and abilities of the labour force. The digital transformation has proved to be key in preserving certain economic activities throughout this crisis. At the same time, it has also exposed the negative consequences of the digital divide, in terms of limited access to distance education for example. Therefore, it is essential to improve the skills of workers in the digital economy, as well as to invest in education and business development.
- Enhance infrastructure and connectivity coverage. In a global context of increased production regionalisation, regional integration could play a key role in crisis-recovery strategies in Latin America and



the Caribbean. To move forward with regional integration, infrastructure and logistics must be included in economic recovery packages.

The governance dimension of the COVID-19 crisis in LAC

Governance and crisis management

The COVID-19 crisis in LAC governments is testing the relatively young and still consolidating democratic governments of the region. The pandemic hit a region which was already traversing a challenging period marked by a wave of mass protests over late 2019-early 2020, driven by growing social discontent over mounting inequalities and corruption scandals. LAC governments are now also facing new challenges in managing the operational and communications aspects of the crisis co-ordinated across all levels of government, including at sub-national level (OECD, 2020^[36]).

The emergency response to control the spread of the virus has required, in some cases, that governments limit certain liberties and freedoms (ICNL, 2020^[51]). However, these measures must be time-bound, and it is crucial that they do not represent a threat to civic freedoms and rights and are regularly reviewed by independent authorities. Civic space is the bedrock of any open and democratic society and is rooted in the fundamental freedom of citizens to associate, peacefully assemble and freely express their views and opinions (CIVICUS, 2020^[52]). Evidence shows that countries that protect civic space perform better — politically, socially and economically. Data from the Varieties of Democracy Institute (V-Dem) shows a positive correlation between the protection of civic space and the economic and human development levels of the country (BTEAM, 2018^[53]).

The challenging health, social and economic initial conditions described above, demonstrate the complex environment in which governments are operating. Some of the most relevant governance challenges have been:

- *Information dissemination/communication.* The global spread of COVID-19 has been accompanied by a wave of disinformation that is undermining policy responses and amplifying distrust and concern among citizens. In addition, governments in the region have faced a difficult balancing act between communicating uncertainty and sharing clear, reliable and transparent information to curve the spread of the virus. Health Ministers have been accused of manipulating data on COVID-19 cases in Chile (RFI, 2020^[54]) and Brazil (Reuters, 2020^[55]). Critics in Mexico (BBC, 2020^[56]) and Brazil (Aljazeera, 2020^[57]) have accused their governments of neglecting the crisis. Doctors have also been very vocal, particularly in Nicaragua, on the government's strategy to tackle the virus. At the same time, these exceptional circumstances have propelled the adoption of novel public communication initiatives and fostered new partnerships between the government and external actors (OECD, 2020^[58]).
- *Low initial levels of interpersonal and institutional trust have undermined the ability of authorities to secure buy-in and compliance on emergency measures.* Countries have encountered issues to access and share public data, affecting reporting and communication to the public (ECLAC, 2020^[59]). More importantly, several LAC countries, such as Brazil, took extraordinary measures suspending or altering certain obligations of their access to information laws, hindering even more the citizens' ability to be informed during the crisis. This has also limited citizens, and media in particular, to monitor government responses to the crisis. Social distancing mandates in countries like El Salvador (El Mundo, 2020^[60]), Costa Rica (CRHOY, 2020^[61]), Argentina (El Clarin, 2020^[62]), have faced opposition, making the management of the virus more challenging.
- *Shrinking civic space.* Citizen's ability to critique government responses to the crisis and protest has been undermined. Excessive government reactions and overuse of force has been reported in Brazil and Chile (Civicus, 2020^[63]) as well as in Belize, Peru and Nicaragua (International Center for Not-for-Profit Law, 2020^[64]). Peru has reported the exclusion of civil society organisations from critical debates (International Center for Not-for-Profit Law, 2020^[64]) and, in Nicaragua, journalists have been targeted for criticising the government's handling of the crisis (Civicus, 2020^[63]) This exacerbates tensions in a



context of already weak democratic institutions, surges in public protest, a rise in authoritarianism, and an “increasingly complex and hostile” overall environment for journalists, with increased harassment, violence and intimidation reported across the region (Reporters Without Borders, 2020^[65]).

- *Allegations of corruption in the context of emergency public procurement.* Corruption scandals involving the procurement of medical material, hospital constructions and misuse of COVID-19 resources have already surfaced in several LAC countries (France24, 2020^[66]), resulting in protests in Honduras (France24, 2020^[67]), Ecuador (El Pais, 2020^[68]) and Bolivia (Reuters, 2020^[69]).
- *Institutional differences and lack of policy coherence among key actors of the State.* In El Salvador the opposition between the executive and the legislative and judiciary power over exceptional quarantine measures have divided the country (El Pais, 2020^[70]). The pre-existing clash between the executive and legislative powers has been exacerbated by COVID-19 in Peru (Le Monde, 2020^[71]). In Mexico (El Universal, 2020^[72]) and Brazil (AA, 2020^[73]) disputes have escalated between the federal and state governments about policy measures and the colour-labelling of states.
- *Postponement of elections and referenda.* Election schedules have been impacted by the pandemic, delaying legislative elections in Paraguay and Peru; presidential elections in Bolivia and in the Dominican Republic and a national referendum in Chile (IDEA, 2020^[74]). This has generated accusations of political manipulation and use of the crisis to government or political party advantage. At the same time, the elections that have taken place – albeit with numerous precautions – as in the case of Dominican Republic, have strengthened democratic institutions and civic engagement.
- *Difficulty ensuring the continuity of justice and penitentiary services.* The immediate challenge faced by justice systems has been to ensure availability of justice adjudication (such as courts and alternative dispute resolution methods), in particular of the most urgent cases that could not be postponed. In addition, ensuring safety and adequacy of the service provided in penitentiary services for inmates has proven to be severely challenging (IDB, 2020^[75]).

Pre-existing distrust exacerbated in times of crisis

A perceived lack of integrity and transparency undermines trust in governments and may further fuel the perception of an unequal and unfair system that is “rigged” to favour the benefits of a few. Already, three out of four Latin Americans show little or no confidence in their national governments and around 80% think corruption is widespread. According to *Latinobarometro*, almost 85 % of Latin American citizens believe that a few powerful groups are governing their countries for their own benefit (Latinobarometro, 2018^[76]).

These figures risk worsening and, if further corruption scandals emerge or if the public perceives measures to unduly favour the elite, it could derail support for the needed structural reforms and recovery measures. It is critical that LAC governments address fundamental weaknesses in their public integrity systems – for example, in institutional coordination, civil service, financing of political campaigns, risk management and internal audit – which have been amplified by the COVID-19 crisis. (OECD, 2019^[77])

Policy recovery measures

The response to the COVID-19 crisis requires at least three stages of coordinated action by governments: an immediate emergency reaction (which has already taken place), a reassessment period (ongoing) and a recovery plan for the long term. These steps must be taken in a way that promotes trust in LAC governments’ abilities to respond to the crisis.

Immediate emergency action. Just as other countries around the world, the crisis has obliged LAC governments to make quick decisions and implement drastic measures to protect communities at risk, manage the spread of the disease, and limit the economic, social and governance consequences that may follow. Past crises have shown that emergencies and subsequent rapid responses and policy measures create opportunities for integrity breaches, most notably policy capture and undue influence in policy-making, fraud and corruption, or political



use in the delivery of support programmes, as well as the potential violation of citizens' rights. This risks seriously weakening the effectiveness of government action. As noted before, evidence of such risks in the current crisis are already emerging across Latin America. At the same time, governments that have acted with transparency and accountability are obtaining greater trust from citizens. For example, several LAC countries including Argentina, Mexico, Chile and Peru have enabled online trials to ensure continued justice service provision, with Chile securing live web streaming to allow for transparency in legal procedures. Colombia has enabled family conciliation and arbitration centres to stay open through telematics means. Countries can seize opportunity to make policy-making more inclusive, seek commonalities and foster greater social cohesion to undertake difficult choices and reforms needed to overcome the crisis.

Reassessment period. The second semester of 2020 is giving governments an opportunity to adapt their strategies, especially as it has become clear that the virus will continue circulating in the medium term and that a second wave will probably hit the continent by mid-2021. From a governance perspective, this period is critical for planning for a potential second wave. Strengthening integrity and fighting corruption will be key as inflows of financial and technical aid are being swiftly delivered to cope with the COVID-19 crisis, and integrity violations can seriously undermine the broader economic recovery efforts (OECD, 2020_[78]). It is critical for countries to ensure a fundamental role for open government data (OGD) in the pandemic. In countries like the Dominican Republic¹, the publication of emergency procurement and expenditure in open formats (open data) has sought to increase the monitoring and accountability of government's response to the virus. This is key not only in managing the crisis, but also in relation to balancing the velocity of budget allocation and the expediting of regulatory requirements to carry out public procurements with the need for increased transparency and integrity (OECD, 2020_[79]). LAC countries could benefit in this regard from programmes that assess procurement and regulatory approvals ex-post to ensure transparency while developing mechanisms that allow for adjustments as relevant.

Governments are transforming their policies and public services to respond to the context of a new, post-COVID-19 world. Greater policy coherence is today more critical than ever. The current crisis has indeed underlined the potential value of the digital transformation for the public sector. To ensure the continuity of public service delivery, governments should focus on enabling tools such as service design standards, financial management mechanisms, data infrastructure and digital identity (OECD, 2020_[80]). LAC countries should use this opportunity to develop participatory mechanisms and create a virtuous feedback loop to better respond to the needs of citizens, boost citizen compliance with response measures and, more generally, foster greater stakeholder participation (OECD, 2020_[45]). Governments should see citizens as essential partners who can contribute to building a successful recovery, not just as benefit recipients or taxpayers (ECLAC, 2020_[81]). To this end, inclusive and impactful participatory platforms open to citizens, businesses, trade unions, academia and civil society, should be put in place to design, implement and monitor the recovery response.

Long-term considerations for greater resilience

Looking towards the long term, to pave the way for greater resilience, governments in the region should prioritise investing in inclusive, agile, resilient and robust public service design and delivery models; strengthen existing mechanisms of dialogue within the state and adopt cross-government strategies; and enable omni-channel service design and delivery to ensure the continuity of coherent service delivery. Under the current circumstances, governments should take full advantage of digital technologies to help them anticipate, prioritise, and monitor the COVID-19 situation. These tools can help public administrations and policy makers connect more meaningfully with citizens and enhance public transparency and accountability. In particular, the use of new digital technologies can transform public institutions and make them more credible, efficient, inclusive and innovative. This can help restore trust in governments by simplifying complex bureaucratic systems, providing more inclusive public services, including e-health or e-learning that reach more disadvantaged segments of society, and allowing the participation of citizens in decision-making processes (OECD, 2020_[5]). Continued efforts must be made to strengthen the efficiency, effectiveness and user-centricity of justice systems, which sustains increased public trust and enables a thriving business and investment environment through legal



certainty and contract enforcement. Governments must take care to avoid policy loopholes that could allow for fraud, corruption, and deviation of funds or the improper use of direct transfers; and enable oversight mechanisms that can allow for revisiting public procurement or regulatory approvals.

The *Roadmap for Action in Support of an inclusive recovery and setting the ground for a renewed social pact* included in the [Conclusions and policy considerations](#) of the recently held Ministerial Summit on Social Inclusion of the OECD LAC Regional Programme contains more specific recommendations on the following points:

- More inclusive forms of social dialogue.
- Financing of a renewed inclusive social pact.
- Quality government service delivery, effective and transparent public expenditure.



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Overview of cases and restrictions

Annex 1. Lockdown easing measures implemented in response to the COVID-19 crisis in selected LAC countries

As of 27 October

	Selected Lockdown Easing Measures
Argentina	<ul style="list-style-type: none"> 25 October – Reopening of borders to all foreign nationals. 7 June – Easing of quarantine restrictions for regions with low levels of contagion and allowing of social gatherings of up to 10 people maintaining two meters of distance while using facemasks. 26 April – Beginning of the progressive de-confinement plan. 12 March – Beginning of confinement measures
Brazil	<ul style="list-style-type: none"> 24 September – Reopening of borders via air travel to all foreigners with valid health insurance. 15 July – Reopening of all commercial activities including restaurants, beauty parlours, gyms, etc. May, June – Beginning of the progressive de-confinement plan on a State to State basis. 24 March – Beginning of confinement measures
Chile	<ul style="list-style-type: none"> 25 September – End of the State of Exception and imposed curfew. 3 August – Authorisation of in-person work with staggered hours for those unable to work remotely. 20 July – Beginning of the progressive de-confinement plan based on a district's infection rate. 18 March – Beginning of confinement measures
Colombia	<ul style="list-style-type: none"> 21 July – Re-confinement for 5 million of the 8 million residents in Bogotá as COVID-19 cases increase. 15 June – De-confinement of Bogotá with staggered working hours for construction, shopping centre, domestic, and informal workers. 14 May – Beginning of the progressive de-confinement plan for municipalities with no reported COVID-19 cases. 24 March – Beginning of confinement measures
Costa Rica	<ul style="list-style-type: none"> 1 November – Reopening of borders to all foreigners. 9 September – 26 out of 82 cantons go under orange alert following the rise in COVID-19 cases, while the rest of the country remained under yellow alert. 13 August – Reopening of air borders to 44 countries while the sea and land ones remained closed. 16 May – Beginning of the progressive de-confinement plan based on the COVID-19 cases in each area. 18 March – Beginning of confinement measures
Dominican Republic	<ul style="list-style-type: none"> 18 October – Extension of the national curfew and state of emergency for at least 25 and 45 days, respectively. 1 July – Reopening of borders for international tourists presenting a negative test result upon arrival. 20 May – Beginning of the progressive de-confinement plan with the reopening of small businesses up to 50% of staff and up to 25% for medium to large businesses. 19 March – Beginning of confinement measures
Ecuador	<ul style="list-style-type: none"> 12 September – End of the nationwide curfew and driving restrictions. 1 June – Reopening of airports at 30% of their usual capacity for domestic and international flights. 4 May – Beginning of the progressive de-confinement plan based on the contagion levels in each municipality. 16 March – Beginning of confinement measures
El Salvador	<ul style="list-style-type: none"> 19 September – Reopening of airports for international flights. 24 August – Full reopening of the country. 16 June – Beginning of the progressive de-confinement plan. 11 March – Beginning of confinement measures
Guatemala	<ul style="list-style-type: none"> 1 October – End of the nationwide curfew and reopening of recreational spaces, including national parks and gyms. 18 September – Resuming of national and international flights upon showing a negative COVID-19 test. 26 July – Reopening of businesses, stores and restaurants, while the nightly curfew remained in place. 12 July – Beginning of the progressive de-confinement plan based on the number of active cases per 100,000 inhabitants. 14 March – Beginning of confinement measures



	Selected Lockdown Easing Measures
Honduras	<ul style="list-style-type: none"> • 18 October – Extension of the national curfew until 25 October. • 17 August – Resuming of international flights following the resuming of domestic flights on 10 August. • 8 June – Beginning of the progressive de-confinement plan according to the ratio of cases to population size per region. • 15 March – Beginning of confinement measures
Mexico	<ul style="list-style-type: none"> • 7 September – Reopening of businesses at a limited capacity for states at the orange level. Yellow level states were able to resume most economic activities. • 1 June – Launch of the third de-confinement phase and the reopening of certain social, educational, and economic activities according to a color-coded system. • 18 May – Beginning of the progressive de-confinement plan and the reopening of 300 towns with no COVID-19 cases. • 22 March – Beginning of confinement measures.
Panama	<ul style="list-style-type: none"> • 12 October – Resuming of international tourism and national curfew lifted • 28 September – Reopening of restaurants, beaches, retail stores, and tourism. • 1 June – Resuming of social activities at a 25% capacity, implementation of a nightly curfew between 19:00 and 5:00 and the mandatory use of face masks. • 13 May – Beginning of the progressive de-confinement plan based on contagion rate and size of population in each area. • 15 March – Beginning of confinement measures
Paraguay	<ul style="list-style-type: none"> • 21 October – Resuming of international flights. • 20 July – Authorisation of up to 20 people gatherings and reopening of businesses at a 50% capacity. • 23 June – Reopening of sitting-in dining at restaurants at a limited capacity and resuming of in-person high school classes with up to 10 students. • 4 May – Beginning of the progressive de-confinement plan. • 18 March – Beginning of confinement measures
Peru	<ul style="list-style-type: none"> • 1 October – Final reopening phase. • 1 July – Return to work for 96% of employees, at reduced capacity, and restaurants at a 40% occupancy. • 18 June – Reopening of stores at a 50% capacity. • 29 April – Beginning of the progressive de-confinement plan. • 20 March – Beginning of confinement measures
Uruguay	<ul style="list-style-type: none"> • 22 September – Travellers entering the country for more than four days are required to take a PCR test. • 18 August – Reopening of borders for travellers from the European Union following a strict health protocol. • 9 June – Reopening of shopping centres and certain business with the mandatory use of facemasks. • No mandatory confinement was set in place.

Note: In many countries, such as Brazil and Ecuador, for example, authorities acknowledge that the actual numbers of deaths and cases are much higher than those officially reported, due to limited testing capabilities.

Source: “Confirmed cases” and “Deaths” are based on national official numbers gathered by the OECD, as of 26 April 2020. Primary source for “External & Internal Travel Restrictions”: (Horwitz et al., 2020^[7]). Additional regional tracking efforts consulted include [ECLAC’s policy tracker \(https://www.cepal.org/es/temas/covid-19\)](https://www.cepal.org/es/temas/covid-19), which includes containment, health, economic and social measures; [SEGIB’s policy tracker \(https://www.segib.org/covid-19/\)](https://www.segib.org/covid-19/), and Latin American Newsletters’ “Latin American Weekly Report” (https://www.latinnews.com/component/k2/itemlist/category/33.html?archive=true&archive_id=33). All Latin American Weekly Report issues over March 2020 – 24 April 2020 were consulted in the preparation of this note.



Economic impact and main measures taken by LAC countries

Annex 2. Economic impact and recovery plan implemented in response to the COVID-19 crisis

As of 27 October

	Impact	Recovery Plan
Argentina	<ul style="list-style-type: none"> 4 September – The Central Bank of Argentina projected a 12% GDP contraction in 2020. 	<ul style="list-style-type: none"> 23 September – Extension for another 60 days of decree prohibiting companies from firing or suspending employees without just cause or due to downsizing. 28 August – Extension through 31 October of decree capping prices for food and health-related products. 20 August – Increase of the health budget with over USD 47 million to help finance COVID-19 universal aid programs.
Brazil	<ul style="list-style-type: none"> 1 September – The Brazilian Institute of Geography and Statistics (IBGE) projected a 9.7% GDP contraction in the second quarter of 2020. 	<ul style="list-style-type: none"> 19 August – Granting of credit between USD 36 and USD 54 billion for small businesses until December 2020. 27 May – Releasing of USD 11.3 billion in federal aid to states and municipalities during four months. 22 April – Launch of a USD 4.7 billion “Pro-Brazil” economic plan until October 2020.
Chile	<ul style="list-style-type: none"> 2 September – The Central Bank of Chile projected a 4.5% to 5.5% GDP contraction for 2020. 	<ul style="list-style-type: none"> 11 August – Reallocation of roughly USD 69 million from nine regions’ budgets toward pandemic-related funds. 30 July – Granting of USD 626 to over one million people as part of the Middle Class Plan. 14 June – Launch of a USD 12 billion emergency plan toward the Emergency Family Income Project, local governments, civil society organizations, increased unemployment protections, and health services.
Colombia	<ul style="list-style-type: none"> 8 June – The World Bank projected a 4.9% GDP contraction in 2020. 	<ul style="list-style-type: none"> 19 October – Approval of the 2021 budget 19.2% bigger than 2020. 22 July – Launch of the post-COVID economic reactivation plan focusing on job creation and international e-commerce to cut unemployment to 6% by the end of 2022. 3 July and 19 July – Tax-free days to purchase household appliances, electronics, and computers. 18 March – Launch of economic relief measures including accelerated tax refunds, a grace period on mortgage and loan payments for SMEs, and special lines of credit for the agriculture, tourism, and aviation sectors.
Costa Rica	<ul style="list-style-type: none"> 31 July – The Central Bank of Costa Rica projected a 5% GDP contraction in 2020. 	<ul style="list-style-type: none"> 13 July – Cut in public spending by 1% of Costa Rica’s GDP, the largest one in the country’s history, and set of social programmes for each sector. 8 May – Creation of an economic package of USD 1.5 billion with loans for SMEs and a plan to attract private investment. 27 March – Launch of plan to disburse about USD 390 million for 375,000 families in need over the next three months.
Dominican Republic	<ul style="list-style-type: none"> 3 August – The Dominican Central Bank projected a 8.5% GDP contraction in the first half of the year. 	<ul style="list-style-type: none"> 28 April – Approval of a USD 1.8 million aid for the agrarian sector to boost production and cultivation. 23 April – Lowering of three types of interest rates and institution of liquidity measures for the national currency. 26 March – Granting of roughly USD 1.5 billion for banks and USD 622.4 million in credit for export industries by the Central Bank.
Ecuador	<ul style="list-style-type: none"> 4 June – The Central Bank of Ecuador projected a contraction between 7.3% and 9.6% of GDP in 2020. 	<ul style="list-style-type: none"> 27 July – Payment of income taxes, at least five months ahead of schedule, for 1,200 companies that recorded a profit in the first half of 2020, in order to redistribute about USD 280 million to 125,000 small businesses. 19 May – Cutting of USD 4 billion from the national budget by reducing work hours, closing or merging 10 public entities, closing 11 embassies and other diplomatic offices. 10 April – 5 % taxation on companies that reported over USD 1 million in revenues in 2018, and sliding tax scale for individuals who earned over USD 500 monthly the same year.



	Impact	Recovery Plan
El Salvador	<ul style="list-style-type: none"> 16 July – Mauricio Choussy, ex-President of the Central Reserve Bank of El Salvador, projected a 9.1% GDP contraction in 2020. 	<ul style="list-style-type: none"> 5 May – Launch of a USD 1 billion economic recovery plan by providing loans to small enterprises and financing for business owners in the informal sector. 14 April – Receipt of a USD 389 million emergency assistance loan from the IMF.
Guatemala	<ul style="list-style-type: none"> 8 June – The World Bank projected a 3% GDP contraction in 2020. 	<ul style="list-style-type: none"> 10 June – Receipt of a USD 594 million emergency assistance loan from the IMF. 12 March – Approval of the state of calamity bill with a fund of roughly USD 30 million for COVID-19 prevention and containment.
Honduras	<ul style="list-style-type: none"> 8 June – The World Bank projected a 5.8% GDP contraction in 2020. 	<ul style="list-style-type: none"> 29 July – Approval of a series of loans from International Organisations worth more than USD 109 million. 16 July – Permission for municipalities to use up to 45% of the USD 11.4 billion national budget to combat the pandemic. 7 April – Freeing up of USD 465.5 million by the Central Bank and reduction of the credit interest rate.
Mexico	<ul style="list-style-type: none"> 26 August – The Central Bank of Mexico projected an 8.8% to 10.5% GDP contraction in 2020. 	<ul style="list-style-type: none"> 16 June – Disbursement of 1.5 million credits no larger than USD 1,100, totally USD 4 million, through the Mexico microloan programme. 22 May – Disbursement of USD 1.9 billion of the USD 13 billion in microloans to homeowners, the formally and informally employees, and SMEs. 22 April – Launch of the 11-point economic plan including pay cuts of as much as 25% for high-level public workers, the removal of 10 deputy minister posts, and a commitment to austerity.
Panama	<ul style="list-style-type: none"> 8 June – The World Bank projected a 2% GDP contraction in 2020. 	<ul style="list-style-type: none"> 17 July – End of grace period to pay income taxes initially due on 31 March. 26 May – Freeing up of USD 2 billion in response to the pandemic. 13 April – Receipt USD 1.3 billion in credit lines from international organizations, including USD 500 million from the IMF, USD 500 million from the World Bank and USD 300 million from the Inter-American Development Bank.
Paraguay	<ul style="list-style-type: none"> 28 July – The Central Bank of Paraguay projected a 3.5% GDP contraction in 2020. 	<ul style="list-style-type: none"> 15 April – Disbursement of USD 100 million to 1.2 million informal workers, USD 100 million to private healthcare subsidies, USD 20 million for the elderly, and USD 10 million to 160,000 low-income families. 26 March – Disbursement of USD 1.6 billion toward pandemic relief, including USD 514 million for public health services and USD 408 million for job protection. 13 March – Disbursement of roughly USD 100 million to 10,000 SMEs companies affected.
Peru	<ul style="list-style-type: none"> 8 June – The World Bank projected a 12% GDP contraction in 2020. 	<ul style="list-style-type: none"> 28 May – Increase by up to 50% of the maximum lending amount to companies based on the business' size. 29 April – Permission for workers who made contributions to private retirement funds to withdraw penalty-free up to roughly USD 12,900 from those funds. 23 April – Issuing of a total of USD 8.9 billion in bonds to boost credit for about 350,000 businesses.
Uruguay	<ul style="list-style-type: none"> 8 June – The World Bank projected a 3.7% GDP contraction in 2020. 	<ul style="list-style-type: none"> 29 April – Launch of investment stimulus plan with new tax exemptions for large-scale investments. 24 March – Disbursement of funds to 55,000 workers over 65 years old from the public and private sectors to encourage them to stay at home. 19 March – Issuing of credit lines of roughly USD 50 million to companies.

Primary Source: (Horwitz et al., 2020^[7]). Additional regional tracking efforts consulted include the IMF's policy tracker (<https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>) of fiscal, monetary/macro-financial and exchange rate/balance of payment policies, which includes all LAC countries; ECLAC's policy tracker (<https://www.cepal.org/es/temas/covid-19>), which includes containment, health, economic and social measures; SEGIB's policy tracker (<https://www.segib.org/covid-19/>), and Latin American Newsletters' "Latin American Weekly Report" (https://www.latinnews.com/component/k2/itemlist/category/33.html?archive=true&archive_id=33). All Latin American Weekly Report issues over March 2020 – 24 April 2020 were consulted in the preparation of this note.

Contacts

Andreas SCHAAL (✉ Andreas.SCHAAL@oecd.org)

Jose Antonio ARDAVIN (✉ Jose-Antonio.ARDAVIN@oecd.org)



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